



CITY OF HAYWARD STAFF REPORT

AGENDA DATE 03/31/04
AGENDA ITEM 4A

TO: Mayor and City Council
President and Members, HARD Board
President and Members, HUSD Board

FROM: City Manager

SUBJECT: Update on Implementation of Cannery Area Plan

In 2001, the City adopted the Cannery Area Plan in order to promote an orderly transformation of the older industrial lands (see Attachment A) in the Burbank neighborhood to residential and commercial uses that are compatible with the existing character and potential of the area. In developing the Plan, numerous meetings and discussions were held in order to gain input from the public, affected property owners as well as the Hayward Area Recreation and Park District (HARD), and the Hayward Unified School District (HUSD).

As developed, the Plan called for the creation of a vibrant neighborhood to replace a collection of older and increasingly obsolete warehouses and distribution centers. In addition to about 700 single family, town homes and condominiums, the Plan provided limited neighborhood serving retail uses. Key amenities to the neighborhood included the construction of a new elementary school and expanded Cannery Park (see Attachment B). Generally, the public and both districts expressed a preference to retain and build on the investment in the park, and to site any new school in the general vicinity of the present campus.

Subsequently, the City solicited proposals to develop the overall project, but only limited success was realized, as economic circumstances impacted the ability to simultaneously carry out both the private development and the public facilities. Because construction of the public facilities – particularly the school – must occur regardless of when the housing is built, a decision was made to phase the overall development and focus initially in the northern part of the area.

The preliminary concept for the new Burbank Elementary School was based on the Delaine Eastin Elementary School in Union City and reflects a two-story building, with approximately 77,000 square feet on 5.2 acres. As envisioned, the school would be a state-of-the-art facility, and is presumed to include all the amenities associated with more modern campuses. The school site contains its own playground and kindergarten play areas, but is configured in a manner that would allow joint use of the expanded Cannery Park. It is anticipated that the new school could accommodate about 950 students. By comparison, the existing Burbank School serves 750 students in about 56,000 square feet of building, including many portables, on 6.8 acres.

Cannery Park is a popular and heavily used facility. For this conceptual planning stage, approximately 60 new parking spaces are provided directly adjacent to the park and the surrounding streets are designed so as to retain the existing snack bar and restrooms. The expansion of Cannery Park will result in an 8.8-acre facility with an additional new baseball field, and an expanded field area that can be programmed for soccer games. Additional facilities can be designed for the remaining park space as discussions with HARD proceed. By comparison, the existing park is on approximately 7.4 acres.

A conceptual site plan for both the school and park is shown in Attachment C.

At its meeting of May 22, 2003, the School Board reaffirmed its support for a two-story school serving 950 students. It also expressed support for the general physical configuration depicted in the Delaine Eastin School, with the understanding that revisions to the façade and interior layout would occur at a later point (see Attachment D). This was a critical and positive decision, as the Eastin School has been approved by the State. By relying on this prior approval as the basis for the structural design of a new Burbank school, it means the facility can be constructed much more quickly than if a new design must be submitted to the state for approval.

As adopted, the Plan envisioned that the multipurpose room in the existing Burbank School would be retained and converted into a community center. Further discussions among the three agencies concluded that it would be more appropriate to design the multipurpose room in the new school to serve a similar purpose – that is, a location where varied recreational and other services could be offered during non-school hours – and not create a new center. Not only does this eliminate the expense associated with renovating and maintaining such a center, but it provides an opportunity to sell the resultant surplus land. The sale of the surplus Burbank school property plays an important part in providing the necessary funding to support the construction of the new school.

To support the development of the new elementary school and park expansion, the City developed a conceptual design for public improvements that include a new parking lot and streets, as well as sidewalk and drainage improvements to B Street and Filbert Street (see Attachment E).

Initially, the financial plan discussed by the three agencies contemplated that the new Burbank School would be partially financed with State Proposition 47 bond proceeds. To that end, staff made a significant attempt to secure State bond funding. Unfortunately, due to insufficient eligibility within the specific high school attendance area, the proposed new Burbank School did not meet existing administrative funding requirements. As a result, State funding for the new school is not available. In response to the loss of this funding source, staff developed an alternative funding approach, which is discussed below.

Schedule A sets out the estimated costs for the project and estimated funding sources. Schedule A recognizes the fact that not all funding sources will be available at the beginning of the project. As a consequence certain revenues will have to be “financed” until they are collected.

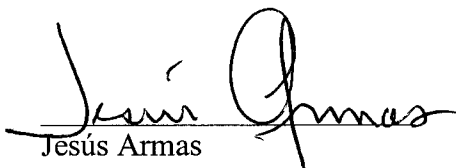
As can be seen, the cost of the new Burbank Elementary School, expanded Cannery Park and related infrastructure improvements is estimated to cost approximately \$34.9 million. Funding Sources available to pay for the project total approximately \$19.5 million. The difference is a

net funding requirement of \$15.4 million. However, because some of the funding sources will not be realized at the outset, this too must be taken into account.

For example, sale of the vacated school site and receipt of the noted impact and in lieu fees will come at a later time. Impact fees are tied to the development of the housing element of the project and will occur most likely after the completion of the school. Accordingly, these elements must be added back to the Net Funding Requirement to arrive at the cash-flow requirement for the project. Adding these elements back for cash flow purposes shows that the Total Funding Requirement is \$27.1 million.

Clearly, in order to proceed with the school and park, sufficient funds must be identified. In this regard, the Hayward Redevelopment Agency (RDA) was tasked with ascertaining whether the Agency could support the issuance of debt to yield \$27.1 million. In this regard, a financial consultant was retained to determine the bonding capacity of the Agency. As recently reported to the Agency Board (City Council), the RDA has a net bonding capacity of \$35 to \$40 million, with the annual debt service obligation to be fulfilled through use of tax increment revenue. The tax increment revenue is calculated on current level of development and does not take into account new revenue which may be realized in the future as a result of new residential development.

The information contained in this report indicates it is possible to proceed with implementation of the aforementioned public improvements. In light of this information, it is recommended that the three agencies: 1) reaffirm their support for this project; 2) instruct staff to develop appropriate documents establishing respective project implementation responsibilities; and 3) instruct staff to develop appropriate documents outlining the financial roles and participation of each agency.



Jesús Armas

- Attachment A. Vicinity Map
- Attachment B. Cannery Area Plan
- Attachment C. Site Layout – New Burbank School/Cannery Park
- Attachment D. School Design
- Attachment E. Proposed Public Improvements

**Cannery Project
Funding Schedule**

Schedule A

(\$ in Millions)

	<u>Amount</u>
Preliminary Costs	
New Burbank Elementary School	\$ 25.6
Cannery Park with New Parking Lot	4.7
Public Infrastructure	<u>4.6</u>
Total Cost	<u>\$ 34.9</u>
 Funding Sources	
Other Contributions	5.0
HUSD Surplus Land Sale	4.2
HUSD Land Contribution for Filbert Street Extension	0.3
City Land Contribution	2.5
Potential School Impact Fees	2.9
Potential Park In-Lieu Fees	<u>4.6</u>
	<u>\$ 19.5</u>
 Net Funding Requirement	<u>\$ (15.4)</u>
 Adjustments to Recognize Timing of Sources	
Increase requirement for HUSD Surplus Land Sale	(4.2)
Increase requirement for Potential School Impact Fees	(2.9)
Increase requirement for Potential Park In-Lieu Fees	<u>(4.6)</u>
 Total Adjustments	<u>\$ (11.7)</u>
 Total Funding Requirement	<u><u>\$ (27.1)</u></u>

**DUE TO THE LENGTH OR COLOR
OF THE REFERENCED EXHIBIT,
IT HAS BEEN ATTACHED AS A
SEPARATE LINK.**